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February 25, 2025

**VIA COURT'S CM/ECF SYSTEM**

Honorable John K. Sherwood  
United States Bankruptcy Judge  
United States Bankruptcy Court District  
of New Jersey  
50 Walnut Street, 3rd Floor  
Newark, N.J. 07102  
Courtroom 3D

**RE: Hearing in New Jersey Orthopaedic Institute LLC et al. v. Festa, et al., Adv.  
Pro. No. 25-01036 (JKS)**

New Jersey Orthopaedic Institute LLC and Northlands Orthopaedic Institute LLC (collectively, the “Debtors”), by and through their proposed attorneys, Saul Ewing LLP, hereby submit this letter regarding the hearing scheduled for February 26, 2025 in the above-captioned case.

Pursuant to an order entered in this matter after the prior interim hearing, Saul Ewing LLP holds \$657,800.43 of the Debtors’ funds in escrow. These funds were subject to the prepetition levy that the Debtors seek to avoid as a preference in this matter, and may be released by a further order of this Court.

These funds represent the ordinary-course receipts of the operations of the Debtors. Absent the levy and the present bankruptcy, these funds would have been used to pay salaries and expenses in the ordinary course.

Since the filing of this case, the Debtors have received additional ordinary-course deposits and have made distributions on Court-authorized prepetition and ordinary course postpetition expenses, including all authorized prepetition wages and benefits and the first postpetition payroll for February 10-23, 2025. The Debtors now have postpetition cash on hand in the amount of approximately \$19,109.57.

Set forth below is an approximate budget of unpaid postpetition expenses. The Debtors must pay the below expenses during the next two-week period. If these expenses are not paid, the Debtors’ operations will suffer.

Employee 401k Contribution for Pay date 2/28/2025	\$ 5,508.34
Health Insurance	\$ 23,844.62
Rent for Wayne office (includes rent and utilities)	\$ 16,637.00
Rent for Morristown	\$ 1,330.60
Lightpath – phone and internet system	\$ 4,167.69
Verizon cell phones	\$ 552.76

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Medent - Electronic Health Record System	\$ 5,072.05
Daniels Sharpsmart, Inc	\$ 504.29
Medical supplies	\$ 19,176.52
TNT MAX - computers	\$ 1,839.44
Keystone Answering Service	\$ 518.35
SK PAPER SHRED	\$ 245.22
Dictation Source	\$ 1,271.66
Traveler's – Liability Insurance	\$ 1750.00
<b>TOTAL:</b>	<b>\$ 82,418.54</b>

Additionally, the Debtors' principal is entitled to his regular monthly distribution of \$19,046.14 and associated benefits, on a postpetition basis. Further, the Debtors' principal's spouse, Lisa McInerney is entitled to prepetition salary in the amount of \$4,800.00 and regular monthly postpetition salary as well.

The Debtors request that the Court direct sufficient funds, in the amount of \$110,000.00, be released from the avoidable levy lien to satisfy these expenses, both to protect the going-concern value of the business and to ensure that the individuals that rely upon the Debtors can cover their own living expenses.

#### **SAUL EWING LLP**

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*Proposed Counsel for Debtors and Debtors in Possession*